

Charity Registration No. 1143479

# Worcester College

Annual Report and Financial Statements

Year ended 31 July 2015

**WORCESTER COLLEGE**  
**Annual Report and Financial Statements**  
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## WORCESTER COLLEGE

### Governing Body, Officers and Advisers

Year ended 31 July 2015

#### MEMBERS OF THE GOVERNING BODY

The Members of the Governing Body are the College's charity trustees under charity law. The members of the Governing Body, who served in office as trustees during the financial year, or subsequently during the period until September 30<sup>th</sup> 2015, are listed below together with details for those who also held College Officerships:

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
Prof Sir Jonathan Bate	Provost	•	•		•		•	•
Prof Donald Fraser			•		•		•	•
Prof Paul Ewart	Demitted 15-3-15				•			
Prof David Bradshaw					•			
Dr Stephen Williams	Vice Provost (1-10-14 to 31-12-14) Demitted 31-12-14	•	•	•	•	•	•	•
Dr Simon Cowan					•			
Prof John Woodhouse	Demitted 30-9-14							
Dr Peter Darrah					•	•		
Prof Susan Gillingham					•			
Prof Tony Blakeborough	Senior Tutor	•		•	•		•	
Prof Heather Viles					•			
Dr Kate Tunstall					•	•	•	
Dr Christopher Brown	Demitted 30-9-14							
Prof Roger Heath-Brown				•				
Prof Robert Saxton					•			
Prof Ernesto Macaro								
Prof Donal Nolan	Tutor for Graduates			•	•			
Dr Nir Vulkan			•		•			
Prof Judith Freedman								•
Prof Andrew Carr	Senior Treasurer of Clubs							
Dr Ben Morgan	Dean			•	•		•	
Dr John Parrington					•		•	
Dr Richard Earl	Tutor for Admissions				•			
Dr Scott Scullion	Fellow Librarian		•		•			•
Prof Deborah Cameron								
Dr Josephine Quinn	Appointed Vice Provost 1-1-15	•	•	•	•	•	•	•
Prof Andreas Willi								
Dr Rory Bowden	Garden Master					•		
Prof Julian Roberts	Senior Treasurer of Clubs			•				
Prof Endre Süli					•			
Prof Robert Gildea					•			
Dr Grant Ritchie		•			•			
Prof Bob Harris					•			
Dr Paul Azzopardi					•	•		
Prof Andrew Price								
Dr Mark Howarth				•	•			
Dr David Steinsaltz		•	•		•	•		
Dr Conrad Leyser					•			
Dr Laura Ashe		•			•	•	•	
Dr Gabriel Stylianides								
Prof Kim Dora	Tutor for Women			•	•			
Dr Antonis Papachristodoulou		•			•			
Prof Hongseok Yang					•	•		
Dr Michail Peramatzis					•	•		•
Dr Zofia Stemplowska					•	•		

## WORCESTER COLLEGE

### Governing Body, Officers and Advisers

Year ended 31 July 2015

#### MEMBERS OF THE GOVERNING BODY (continued)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Dr Felix Parra Diaz				•			
Dr Afifi al-Akiti							
Prof Sadie Creese	•						
Mr Jonathan Forrest	•	•		•	•	•	
Dr Maris Kopcke-Tinturé				•			
Dr Josephine van Zeben				•			
Dr James Edwards				•			

During the year the activities of the Governing Body were carried out through seven principal committees. Membership of these committees of governance during the year is shown above for each Fellow.

- (1) Finance Committee, which also includes 3 senior members of staff and 1 external member
- (2) Investment, which is a sub-committee of Finance Committee, and also includes 1 senior member of staff and 2 external members
- (3) Academic Strategy Committee, which also includes 1 member of staff
- (4) Tutors' Committee, which also includes Director of Visiting Student Programme, Chaplain, Career Development teaching JRFs, lecturers with tutorial responsibilities during Fellows' sabbatical leave
- (5) Domus Committee, which also includes 4 senior members of staff
- (6) External Relations Committee, which also includes 1 senior member of staff and 1 external member
- (7) Nominating Committee

Other business is conducted through further committees:

Remuneration Committee has 2 internal and 3 external members.

Audit and Risk Committee has 4 internal and 5 external members.

Further committees are primarily concerned with managing or administering a service; Chapel Committee, Library Committee, Computing Committee, Housing & Accommodation Committee and Travel Grants Committee.

The Joint Consultative Committee comprising membership from Governing Body, senior staff and Officers of the Middle and Junior Common Rooms discusses matters affecting Middle and Junior Common Room members. Such matters include (but are not limited to) the domestic management of the College, food service provision, and sports and recreational facilities.

Membership details for all committees are available on request.

#### COLLEGE SENIOR STAFF

The senior staff of the College to whom day to day management is delegated are:

Mrs Coleen Day	Director of Development and Alumni Relations
Mrs Jane Fabes	Interim College Accountant (left 30.4.15)
Mr Jonathan Forrest	Finance and Estates Bursar
Mr Tim Lightfoot	Domestic Bursar
Dr Jo Parker	Librarian
Ms Patricia Pease	College Accountant (joined 13.4.15)
Dr Karen Wells	Computing Manager (left 21.12.14)
Mr Jonathan Young	IT Manager (joined 20.4.15)

## **WORCESTER COLLEGE**

**Governing Body, Officers and Advisers**

**Year ended 31 July 2015**

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### **COLLEGE ADVISERS**

#### **Investment managers**

Oxford University Endowment Management Ltd  
King Charles House  
Park End Street  
Oxford  
OX1 1JD

#### **Auditor**

Grant Thornton UK LLP  
3140 Rowan Place  
John Smith Drive  
Oxford  
OX4 2WB

#### **Bankers**

National Westminster Bank Plc  
32 Cornmarket Street  
Oxford  
OX1 3ES

Royal Bank of Scotland Plc  
32 St Giles  
Oxford  
OX1 3ND

#### **Surveyor**

Carter Jonas  
Anchor House  
269 Banbury Road  
Summertown  
Oxford, OX2 7LL

#### **College address**

Worcester College  
Oxford  
OX1 2HB

#### **College website**

[www.worc.ox.ac.uk](http://www.worc.ox.ac.uk)

**WORCESTER COLLEGE**  
**Report of the Governing Body**  
**Year ended 31 July 2015**

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The Members of the Governing Body present their Annual Report for the year ended 31 July 2015 under the Charities Act 2011 together with the audited financial statements for the year.

**REFERENCE AND ADMINISTRATIVE INFORMATION**

The Provost, Fellows & Scholars of Worcester College in the University of Oxford, which is known as Worcester College, ("the College") is an eleemosynary chartered charitable corporation aggregate. It was founded through a legacy of Sir Thomas Cookes Bt. under a Royal Charter of Queen Anne dated 1714. The corporation comprises the Provost and Fellows. The College was an exempt charity under s3 (5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act), but the Charities Act 2006 brought an end to this status. Registration under the Charity Commission commenced on 1<sup>st</sup> June 2010 and was completed on 19 August 2011 (registered number 1143479).

The names of all Members of the Governing Body at the date of this report and of those in office during the year, together with details of the senior staff and advisers of the College, are given on pages 2 to 4.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing documents**

Until 13 December 2011, the College was governed by its Statutes dated 21 December 1966. Notice of new Statutes to alter and amend the Statutes of the College, passed at meetings of the Governing Body and approved by the University, were submitted for the approval of Her Majesty in Council. Her Majesty, having taken the Statute into consideration by and with the advice of Her Privy Council approved the revisions to the existing Statutes on 14 December 2011.

**Governing Body**

The Governing Body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, under the new statutes, who is the Master of the Rolls on behalf of the Crown. New Governing Body fellows are appointed by the existing trustees, for specified periods of time or until retirement. New members of the Governing Body are elected on the basis of expertise in their particular field.

The Governing Body devises and approves the College's strategy and oversees its administration and also the management of its finances and assets. It meets regularly under the chairmanship of the Provost.

**Recruitment and training of Members of the Governing Body**

New Members of the Governing Body are normally recruited by open application and interview and are inducted into the workings of the College, including Governing Body policy and procedures, by means of being provided with a copy of the College Statutes, the Fellows' Handbook, Charity Commission Guidance Notes and informal discussions with colleagues.

Training courses and information to keep members of the Governing Body informed about current issues in the sector and on regulatory requirements are kept under review and offered, as appropriate.

## **Organisational management**

The members of the Governing Body normally meet six times a year, with the provision for an additional 3 extraordinary meetings, if required. Governing Body has established a series of committees to attend to and advise upon the wide range of matters for which Trustees are accountable:

- **The Finance Committee (and Investment Sub-Committee)**  
The Finance Committee is responsible for business related to the financial management of the College, including financial strategy, monitoring of financial performance and consideration of requests for expenditure. Finance Committee meetings take place in weeks 0 and 6 of each term. A separate meeting is held in week 3 in Trinity Term to consider budgets for the coming year. A sub-committee of the Finance Committee, the Investment Sub-Committee, meets once each term to consider the College's investment strategies. Both meetings are chaired by the Provost.
- **The Academic Strategy Committee**  
This committee has responsibility for monitoring and developing the medium and long-term academic strategies of the College including the subject balance and decisions about associations with new posts. Meetings took place in week 5 of each term in 2014/15 and are scheduled to take place in week 1 of each term in 2015/16. It is chaired by the Vice-Provost.
- **The Tutors' Committee**  
This committee considers business related to the academic and teaching aspects of the College including admissions, changes of course, oversight of student progress, requests for student suspensions, graduate matters etc. Meetings took place in weeks 1, 4 and 7 in 2014/15 and are scheduled to take place in weeks 1 and 5 in 2015/16. The Committee comprises all Fellows with tutorial responsibilities, Career Development Teaching Junior Research Fellows, College Lecturers overseeing a subject area, the Director of the Visiting Student Programme, the Academic Registrar/Tutor for Admissions, the Finance and Estates Bursar and the Chaplain. It is chaired by the Senior Tutor.
- **The Domus Committee**  
This committee is responsible for business related to the fabric and buildings of the College, for its general management, and for personnel policies. Meetings took place in weeks 1 and 5 of each term in 2014/15 and are scheduled to take place in week 5 of each term in 2015/16. It is chaired by the Vice-Provost.
- **The External Relations Committee**  
The External Relations Committee is responsible for business related to fund-raising, alumni relations and conferences. Meetings took place in week 7 of each term in 2014/15 and are scheduled to take place in week 0 of Hilary and Trinity terms in 2015/16. It is chaired by the Provost.
- **The Nominating Committee**  
The Nominating Committee proposes membership of committees and appointments to College Officer positions and usually meets once year.

Further committees meet regularly to discuss specific areas of the College (including Chapel, Library, Computing, Gardens and Grounds, Student Matters, Housing and Accommodation).

The day-to-day running of the College is delegated to the Provost, supported by the following College Officers and senior staff: Vice-Provost, Senior Tutor, Tutor for Graduates, Dean, Director of Development and Alumni Relations, Librarian, Archivist, IT Manager, Human Resources Manager, Finance and Estates Bursar, Domestic Bursar, Assistant Bursar, College Accountant, Academic Administrator and Tutor for Admissions. All meetings of the committees listed above are attended by one or more of these individuals.

**WORCESTER COLLEGE**  
**Report of the Governing Body**  
**Year ended 31 July 2015**

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**Group structure and relationships**

The College has a wholly owned trading subsidiary, Worcester College Enterprises Limited whose accounts are consolidated into the accounts of the College.

The College is the sole member of Worcester College Society, a company limited by guarantee.

The College is part of the collegiate University of Oxford. Material interdependencies between the University and the College arise as a consequence of this relationship.

A proportion of the College's endowed funds are held at arm's length in the Worcester College Oxford Endowment Trust, which is not controlled by the College but which has the support of the College as its principal charitable objective. The Trust has agreed under a memorandum of understanding to make the College an annual grant (currently at 4.25% of the value of the Trust's assets at year end).

The College also administers many special trusts, as detailed in Notes 19 and 20 to the financial statements.

**Risk management**

The College is engaged in risk assessment on an on-going basis. When it is not able to address risk issues using internal resources, the College takes advice from experts external to the College with specialist knowledge. Policies and procedures within the College are reviewed by the relevant College Committee, chaired by the Provost. Financial risks are assessed by the Finance Committee and investment risks are monitored by the Investment Sub-Committee. Both these committees have appropriately experienced and skilled external members in addition to internal members.

The Governing Body has ultimate responsibility for managing any risks faced by the College, considering the major risks to which the College and its subsidiaries are exposed, and working to ensure that adequate systems are in place to manage these risks. It is recognised that systems can provide only reasonable but not absolute assurance that major risks have been managed.

During the year, in keeping with standard practice, the Audit and Risk Committee (a committee of the Governing Body) scrutinised the Risk Register on behalf of the Governing Body. The Committee satisfied itself that the Register adequately and clearly lists the principal risks to which the College is exposed (together with appropriate actions for mitigating those risks and the individuals or departments accountable for undertaking these actions), its findings were reported to the Governing Body.

The Domestic Bursar, the Assistant Bursar and the domestic staff heads meet regularly to review health and safety issues. Training courses and other forms of career development are available, as required, to members of staff to enhance their skills in risk-related areas. External consultants are used to complete a programme of health and safety reviews throughout the year. The reports arising are disseminated for action to departmental managers and health and safety management procedures are discussed at Domus Committee (a committee of the Governing Body).

The College is currently implementing a substantial structured programme of repairs, including a comprehensive overhaul of the College's electrical systems. This is now well underway. This costed and scheduled programme is scrutinised by the Finance Committee.

## **OBJECTIVES AND ACTIVITIES**

Worcester College promotes freedom of thought and expression, academic integrity and a willingness (indeed an expectation) to challenge ideas and in turn to be challenged. The College is an academic community providing a stimulating and supportive teaching and learning environment for students (of all levels), with modern facilities and a range of opportunities for extra-curricular activity. The College's educational provision complements the educational opportunities available to our students within the departments and faculties of the University of Oxford. In particular the College operates a tutorial system where each student's education is steered by research-active academics whom the students meet (usually either individually or in pairs) on a weekly basis. In this way the College provides an informing, inspiring and also challenging learning environment.

For centuries Worcester College has prepared students of outstanding talent and potential for graduation in a wide range of academic disciplines. Alumni have gone on to lead fulfilling professional lives and, individually and collectively, have made major contributions in their chosen fields including in commerce, the professions, in the arts, science and engineering, in medicine, faith communities, the military and in public service.

### **Charitable Objects and Aims**

The College's Objects are the advancement of education, religion, learning and research, by the provision of a college in the University of Oxford, for the benefit of the public.

The Governing Body is mindful of the long-standing requirement to provide public benefit and of the disclosure requirements of the Charities Act 2011. In this connection the Governing Body has monitored closely the general and supplemental guidance produced by the Charity Commission, in particular its public benefit guidance on advancement of education and on fee-charging.

The College's aims for the public benefit are:

- To advance education, including extending access

Working with the University of Oxford's departments and faculties, the College educated 603 students (undergraduate and graduate) during the year in a wide range of subject areas. Students are admitted from diverse backgrounds but solely on the basis of their academic ability and potential. Opportunities are provided to develop students' academic knowledge and potential, and the transferable skills needed by them to contribute in the workplace and more widely. To support these activities the College provides tutorial (small-group) and class teaching to undergraduates, maintains a range of teaching and learning facilities (including three libraries and a number of lecture/seminar rooms) and organises events for all students to advance their education. A range of welfare, pastoral and administrative systems and social, cultural, and extra-curricular activities are also provided by the College.

The College employs an Admissions and Access Officer and has a Tutor for Admissions to undertake outreach and widening-participation work and to develop and implement policies associated with access and the selection of undergraduate students. The Tutor for Graduates, supported by a Graduate Officer, is responsible for work associated with the admission of graduate students.

- To provide bursaries

The College recognises academic achievement through the award of Scholarships, Exhibitions and prizes for strong performance. Funds are provided to assist students with the purchase of academic books, to help with vacation residence and fieldtrip costs, and for travel associated with attendance at conferences and in furtherance of their academic work.

- To support impecunious students through hardship funds

The College advises and assists students who are in financial hardship. A Hardship Committee considers applications for assistance from the College's hardship funds and is able to provide help by means of grants, loans or a combination of the two.

### **Charitable Objects and Aims (continued)**

- To support college-funded and independent research

The College funds a number of career development Junior Research Fellowships and Tutorial Fellowships, whose responsibilities include research. Associates are also offered, by means of Senior Research Fellowships and Supernumerary Fellowships, to individuals in University departments and faculties who are undertaking research. Through the standard University scheme for sabbatical leave, and in considering requests for special leave, it also provides replacement teaching to enable Fellows to dedicate between 1 and 3 terms to specific research projects. All Tutorial Fellows and career development Junior Research Fellows are eligible to receive a Teaching and Research Allowance and may apply for assistance towards expenses incurred in attending academic conferences.

Students and academic staff are able to make use of the College's 3 libraries, and researchers can also apply to access material in the College's special collections of prints, manuscripts and early printed books in the archive.

- To promote religion

The College employs a full-time Chaplain who conducts services in the Chapel, is a member of the welfare team and can be approached by students of any faith, or none. The Chapel acts as a centre of Christian worship but its use by anyone as a space for quiet reflection is also encouraged. The Chapel is open every day and supports two flourishing choirs; a mixed-voice choir and a choir incorporating boy trebles from Christ Church Cathedral School. Services are also sometimes sung by 'Frideswide Voices', a new choir for girl choristers, aged 7-14, co-founded by the Chaplain in 2014. Interfaith services are offered on a regular basis and all services are promoted, internally and externally, by means of notice boards and websites. Information about the variety of faith societies, belief groups and religious centres within the University is provided in the Undergraduate and Graduate Handbooks. There are various events outside of the Chapel, to discuss religion, ethics and morality, organised by the Chaplain, including a weekly discussion group and a termly dinner with guest speaker. In addition, the Chaplain and Chapel Warden convene inter-disciplinary seminars on 'Music and Theology', part of an international academic network on the subject.

## **ACHIEVEMENTS AND PERFORMANCE**

### **Access and Admissions**

The College's work to raise aspirations, widen access, and promote Higher Education continued to develop over the course of the 2014-15 academic year. Worcester worked closely with approximately 85 schools and colleges (mainly from institutions in our link regions of West Yorkshire and Northamptonshire) and ran a highly successful Open Day for over 180 students from the Further Education sector. Activities included talks to pupils in years 9 to 13, residential visits, interview preparation workshops, and subject enrichment sessions. In addition, it is estimated that in the region of 2000 students from a variety of educational, regional, and international backgrounds visited the College during the three main Open Days of the year.

The College proved to be a popular choice for undergraduate applicants in 2014 and the field of candidates from which students were selected showed strong academic ability and potential. In addition to those admitted by Worcester College, a number of applicants were also offered places by other colleges as a result of the intercollegiate mechanisms that aim to ensure application outcome is not affected by college choice.

The overall proportion of candidates who applied to Worcester College (or were allocated through the open application scheme) and were made offers by the University was 23%, compared to the university-wide figure of 20%. The composition of offers made in 2014 for 2015 entry was: 50% male: 50% female; 90% UK students and 10% EU/overseas (representing a total of 12 different nationalities). Of the UK students, 52% were educated in the State sector and 48% in the Independent sector.

**WORCESTER COLLEGE**  
**Report of the Governing Body**  
**Year ended 31 July 2015**

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**Fellowship and Staff**

The Governing Body comprised the Provost, 33 Official Tutorial Fellows, 1 Official Non-Tutorial Fellow, 6 Professorial Fellows and 8 Supernumerary Fellows. In addition, there were a further Supernumerary Fellow (without Governing Body membership), 9 Senior Research Fellows and 6 Junior Research Fellows.

Teaching was further supported by a number of College Lecturers, including 10 Stipendiary appointments and external tuition was provided by tutors from across the collegiate university. Fourteen terms of sabbatical or special leave for research purposes were granted to a total of 5 Fellows. A total of 100 non-academic staff (by headcount, not FTE) supported the College's activities.

**Student Numbers and Progress**

During the 2014-15 academic year there were 411 undergraduates, 157 graduates and 35 JYA students in College, a total of 603 students. In Finals, Worcester's undergraduates obtained 35 Firsts, 62 Upper Seconds, 8 Lower Seconds, and 1 Pass degree, placing the College 11th in the Norrington Table (which is a measure of relative performance in Finals by each of the Oxford colleges). Students also achieved excellent results in their First Public Examinations (normally taken in the first year). The graduate community continued to thrive and a very wide range of postgraduate taught and research degrees were completed successfully.

**Student Financial Support**

The College has continued to offer financial support to its students, including for academic provision, hardship, bursaries, study grants and extra-curricular activities. Funds dispersed during the year included £29k for scholarships and exhibitions, £7k on prizes and £11k on vacation grants. Funds were also provided to support other activities including field trips, medical electives, undergraduate research/conference travel, book bursaries, sports bursaries, and language tuition.

**Development**

Last year the College celebrated its 300th anniversary and embarked upon the Tercentenary Campaign, a long-prepared capital campaign to endow the College for the next three hundred years. The Campaign target is £100 million, sub-divided into targets of £60 million pounds cash pledges within ten years of active campaigning and a further £40 million of legacy pledges.

The intended disposition of the funds raised (with Campaign progress to date) is as follows:

- £25 million permanently to endow ten Tutorial Fellowships (£12,030,000 pledged to date of which £9,150,000 has been received);
- £15 million to produce an annual return that will endow a rich complement of undergraduate and graduate scholarships, bursaries, hardship funds and outreach activity to ensure that the opportunities of the College are made available to a full diversity of candidates of the highest potential (£604,000 pledged to date of which £496,000 has been received);
- £20 million for the maintenance and enhancement of our historic buildings and grounds together with the creation of the Sultan Nazrin Shah Building incorporating the Tuanku Bainun Auditorium and an array of students facilities and meeting rooms (£13,429,000 pledged to date of which £12,328,000 has been received);
- £40 million legacy pledges to be applied to general endowment, creating a sufficient annual return to assure the College's long-term sustainability and the growth of excellence (£13,645,000 pledged to date of which £4,551,000 has been received).

Campaign progress to date:

- a total of £39,708,000 signed pledges (of which £26,525,000 has been received);
- plus £25,250,000 from six lead legacy pledges; and
- £4,000,000 'Clarendon Match' funding for fellowships.

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**Development (continued)**

The 'Clarendon Match' fund is held by the University (within a ring-fenced portion of the University's holding in the Oxford Endowment Fund) to endow the University portion of joint College/University Tutorial Fellowships, thus assuring the permanent retention of Tutorial Fellowships in relevant disciplines at Worcester, without cross-subsidy from the College to the University.

The Campaign total inclusive of major legacy pledges is £64,958,000 (the total inclusive of 'Clarendon Match' is £68,958,000).

The above Campaign figures *include* pledges to, and cash received by Worcester College Oxford Endowment Trust. The unaudited assets of the Trust at 31 July 2015 (the majority of which are invested by Oxford University Endowment Management) stood at £5,118,000.

Major gifts this year included:

- the endowment by Old Member Sir Lindsay Owen-Jones of the Tutorial Fellowship in Modern Languages;
- the endowment by the Dorset Foundation and a large number of Old Members who read Law, of the Francis Reynolds Tutorial Fellowship in Law;
- the endowment by Old Member David Loevner and his wife Cathy of the Tutorial Fellowship in Statistics;
- an increase in the amount of the munificent benefaction of HRH Sultan Nazrin Shah of Perak, Malaysia, to fund the Nazrin Shah Building; and
- major gifts both to the Trust and to the College by Barrie and Deedee Wigmore.

In addition to the Campaign figures notes above, a total of 830 Old Members contributed to the College by way of donations to the Annual Fund, principally for bursaries and student support. This year, in honour of the Tercentenary anniversary, Barrie and Deedee Wigmore made a generous gift to the endowment that matched the annual fund giving, which is for immediate expenditure.

The College is deeply grateful to all its generous donors.

**FINANCIAL REVIEW**

The principal funding sources of the College continued to be fees, accommodation charges, conference income, donations and endowment income. Fee income is received via the University from HEFCE, various funding bodies and students.

The College also receives financial support from many benefactors to whom it is extremely grateful.

Total incoming resources for the year were £17,215k compared to £20,206k in 2013/14. This included £9,579k received in donations and legacies (compared with £3,700k in 2013/14) representing several substantial donations, and including funding for the construction of the new auditorium.

The College's charitable objects continue to be met with resources expended on charitable activities for the year of £8,537k (2014: £8,871k). The decrease in costs being due to lower support staff costs following re-organisation and lower professional fees being incurred during the year.

Incoming resources from charitable activities in the year, principally fees and residential income were £6,417k (2014: £6,039k). This increase was largely a result of an increase in residential income.

The College achieved its public benefit aims and objectives with expenditure on charitable activities of £8,537k exceeding incoming resources from charitable activities of £6,417k, by £2,120k. This spending gap was met principally from resources from generated funds including investment income, trading income, legacies and donations.

## **FINANCIAL REVIEW (continued)**

The College has reviewed its trading activities, and plans to increase the level of surpluses that can be applied to its charitable Objects, by significantly increasing its commercial conferencing business. As part of this plan the College is investing in new conferencing facilities that will come on stream in 2016/17. Until that time the College intends gradually to build the scale of its commercial conferencing activity. Thereafter we expect the income from commercial conferencing to grow more rapidly.

The College continued to progress its structured plan to maintain and improve the infrastructure of the buildings and grounds, to help provide top quality facilities and preserve them for the future. The work was focused on fire and electrical upgrading, and the refurbishment of student accommodation (bedrooms and bathrooms).

During the year the planned sale of a number of houses was completed raising a further £1,050k.

The College's General Reserve increased during the year mainly due to profit on the sale of investment properties and the revaluation of land held for investment.

The College's securities and other investments are managed by Oxford University Endowment Management Limited (OUEM) and total £27,366k.

### **Reserves policy**

The College's reserves policy is to maintain sufficient free reserves to enable it to meet its short-term financial obligations in the event of an unexpected revenue shortfall, to allow the College to be managed efficiently and to provide a buffer that would ensure uninterrupted delivery of services.

The College's General reserve at the year-end amounted to £21,482k (2014: £13,891k), representing retained unrestricted income reserves. These reserves are available both for the purposes of paying off long-term debt and to fund operating expenditures in the event of interruption to College income.

Of the designated reserves £651K is of funds for the maintenance of the fabric and furnishings of the College. It is anticipated that most of these funds will be used in conjunction with the structured plan to maintain and improve the infrastructure of the buildings, mentioned above.

### **Investment policy, objectives and performance**

The College's investment objectives are to balance current and future beneficiary needs by:

- maintaining (at least) the value of the investments in real terms;
- producing a consistent and sustainable amount to support expenditure; and
- delivering these objectives within acceptable levels of risk.

To meet these objectives the College's investments as a whole are managed on a total return basis, maintaining diversification across a range of asset classes in order to produce an appropriate balance between risk and return. In line with this approach, the College Statutes allow the College to invest permanent endowments to maximise the related total return and to make available for expenditure each year an appropriate proportion of the unapplied total return.

The investment strategy, policy and performance are monitored by the Investment Sub-Committee. At the year end, the College's long term securities totalled £27,366k, invested in two funds which during the year achieved returns of 13.5% and 4.4%.

Under the total return accounting basis, it is the Governing Body's policy to extract as income up to 4.5% of the value of the relevant invested funds. The Governing Body will keep the level of drawdown under review to balance the needs and interests of current and future beneficiaries of the College's activities.

## **FUTURE PLANS**

The College does not have plans significantly to adjust either the size of its student body or the range of subjects offered for study. It will continue to deliver teaching and learning through the tutorial system, to support research, fund scholarships and scholarly activity and to recognise scholarly achievement, support students in financial hardship and provide for the spiritual welfare of its students through its chapel provision. The College will continue to fund access work and work toward equality of opportunity and diversity within our academic community.

The College will continue fundraising activities, building on the considerable momentum created by a very successful Tercentenary Campaign year. The Campaign is ahead of its targets at this stage. Attention in the year is expected to broaden somewhat to include solicitation of gifts just below the major gifts category. Work will also continue to develop the Annual Fund particularly, though not exclusively, through telephone fundraising activities. The College will explain our activities and plans to alumni and prospective donors in a series of events to be held throughout the year, through publications and through the College website which was redesigned and re-launched in the year ending July 2015.

The Campaign has been very successful to date endowing fellowships. A remaining challenge though is to fund the extensive refurbishment works needed in areas of the College estate. Donors will be encouraged to assist in that work.

Operationally the College will continue to seek efficiencies and to improve the quality of services provided to all Members, whether relating to catering, accommodation or the provision of contemporary facilities.

During the year the construction of the new auditorium and seminar room complex (the Sultan Nazrin Shah Building) will largely complete. The conferencing business will be growing through the year in preparation for its opening in Michaelmas Term 2016. Over the next few years the College expects to grow its conferencing income significantly. Staging and hosting academic conferences directly acquits some of the College's charitable objects. Non-academic conferences are hosted in order to generate surpluses to apply to the College's charitable activities.

## **STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES**

The Governing Body is responsible for preparing the Report of the Governing Body and the financial statements in accordance with applicable law and regulations.

Charity law requires the Governing Body to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. The Governing Body confirms that the financial statements comply with statutory requirements.

Under charity law the Governing Body must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the College and of its net incoming or outgoing resources for that period. In preparing these financial statements, the Governing Body is required to:

- select the most suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue to operate.

The Governing Body is responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Governing Body on 2 December 2015 and signed on its behalf by:

Professor Sir Jonathan Bate  
Provost

## **WORCESTER COLLEGE**

### **Report of the Auditor to the Members of the Governing Body**

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#### **Independent auditor's report to the trustees of Worcester College**

We have audited the financial statements of Worcester College for the year ended 31 July 2015 which comprise the Consolidated Statement of Financial Activities, the College and Group Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 14, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 July 2015, and of the group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Governing Body is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants, Oxford

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# WORCESTER COLLEGE

## Statement of Accounting Policies

Year ended 31 July 2015

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### 1. Scope of the financial statements

The financial statements present the Consolidated Statement of Financial Activities (SOFA), the Consolidated and College Balance Sheets and the Consolidated Cash Flow Statement.

The financial statements consolidate the accounts of Worcester College Society, a charitable company limited by guarantee, as the College is the sole member of the Society.

No separate SOFA has been presented for the College alone as permitted by paragraph 397 of the Charities SORP 2005. The results of the above, as included in the consolidated income, expenditure and results of the College are disclosed in note 13.

The financial statements also consolidate the accounts of the College's wholly owned subsidiary undertaking, Worcester College Enterprises Limited, as the company commenced trading on 1 August 2013.

The accounts of the affiliated student bodies, Worcester College Clubs, Middle Common Room and Junior Common Room have not been consolidated because the College does not control these activities.

### 2. Basis of accounting

The financial statements have been prepared under the Charities Act 2011 and in accordance with the Statement of Recommended Practice on Accounting and Reporting by Charities issued in 2005 ("the Charities SORP") and applicable accounting standards. The financial statements are drawn up on the historical cost basis of accounting as modified by the revaluation of investment properties and other investments.

### 3. Going concern

The bank loan of £10m is repayable in December 2018 (see note 30: Post Balance Sheet Events). The College has funds of £68m at 31 July 2015 (£50m at 31 July 2014) with the result that the Trustees believe it is appropriate to prepare the financial statements on the going concern basis.

### 4. Incoming resources from fee income, HEFCE support and other charges for services

Fees receivable, HEFCE support and charges for services and use of the premises, less any scholarships, bursaries or other allowances granted by the College, but including contributions received from restricted funds, are accounted for in the period in which the related service is provided.

### 5. Incoming resources from donations and legacies

Voluntary income is accounted for when the College receives the funds. Voluntary income received for the general purpose of the College is credited to unrestricted funds.

Voluntary income which is subject to specific wishes of the donor is credited to the relevant restricted fund or, where the donation, grant or legacy is required to be held as capital, to the endowment funds. Where donations are received otherwise than in cash, they are valued at the market value of the underlying assets received at the date of receipt.

### 6. Investment income

Interest on bank balances and fixed interest securities is accounted for in the period to which the interest relates.

Dividend income and similar distributions are accounted for in the period in which they become receivable.

Income from investment properties is accounted for in the period to which the rental income relates.

**7. Conference income**

Conference Income in relation to conferences that span the year end is accrued for in accordance with the proportion of completion.

**8. Expenditure**

Expenditure is accounted for on an accruals basis. Indirect expenditure is apportioned to expenditure categories based on the estimated amount attributable to that activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure to which it relates.

Grants awarded are expensed as soon as they become legal or operational commitments.

Governance costs comprise the costs of complying with constitutional and statutory requirements.

**9. Tangible fixed assets**

Expenditure on the acquisition, construction or enhancement of land and buildings together with expenditure on equipment costing more than £2,000 is capitalised and carried in the balance sheet at historical cost.

Other expenditure on equipment incurred in the normal day-to-day running of the College and its subsidiaries is charged to the Statement of Financial Activities as incurred.

**10. Depreciation**

Depreciation is provided to write off the cost of all relevant tangible fixed assets, less their estimated residual value, in equal annual instalments over their expected useful economic lives as follows:

Freehold properties, including major extensions	50 years
Building improvements	50 years
Equipment	4 - 10 years

Freehold land is not depreciated. The cost of maintenance is charged in the Statement of Financial Activities in the period in which it is incurred.

**11. Impairment Review**

The College Surveyors carry out a full valuation of College properties, which considers the general condition, at five yearly intervals with desk top valuations in between. The College is implementing a plan of scheduled maintenance.

**12. Investments**

Investment properties are valued as individual investments at their market values as at the balance sheet date. Purchases and sales of investment properties are recognised on completion.

Gains and losses arising on the investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

**13. Stocks**

Stocks are valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock.

**14. Foreign currencies**

Transactions denominated in foreign currencies during the year are translated at prevailing rates of exchange at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates applying at the Balance Sheet date. The resulting exchange differences are taken to the Statement of Financial Activities.

#### **15. Total Return investment accounting**

The College Statutes authorise the College to adopt a 'total return' basis for the investment of its permanent endowment. The College can invest its permanent endowments without regard to the capital/income distinctions of trust law and with discretion to apply any part of the accumulated total return on the investment as income for spending each year. Until this power is exercised, the total return is accumulated as a capital supplement to the preserved ('frozen') value of the permanent endowment.

The Governing Body has decided that it is in the best interests of the College to account for its invested expendable endowment capital in the same way, though there is no legal restriction on the power to spend such capital.

For the carrying value of the preserved (frozen) permanent capital, the Governing Body have taken its open market value as at 1992, except where the original donation can be identified, together with the original gift value of all subsequent endowments received.

#### **16. Fund accounting**

The total funds of the College are allocated to unrestricted, restricted or endowment funds based on the origins of the funds and the terms set by the donors. Endowment funds are further sub-divided into permanent and expendable.

Unrestricted funds can be used in furtherance of the objects of the College at the discretion of the Governing Body. The Governing Body may decide that part of the unrestricted funds shall be used in future for a specific purpose and this will be accounted for by transfers to appropriate designated funds.

Restricted funds comprise gifts, legacies and grants where the donors have earmarked funds for specific purposes. They consist of either, gifts where the donor has specified that both the capital and any income arising must be used for the purposes given, or the income on gifts where the donor has required that the capital be maintained and the income used for specific purposes.

Permanent endowment funds arise where donors specify that the funds should be retained as capital for the permanent benefit of the College. Any income arising from the capital will be accounted for as unrestricted funds unless the donor has placed restrictions on the use of that income, in which case it will be accounted for as a restricted fund.

Expendable endowment funds are similar to permanent endowment in that they have been given, or the College has determined based on the circumstances that they have been given, for the long term benefit of the College. However, the Governing Body may at their discretion determine to spend all or part of the capital.

#### **17. Pension costs**

The costs of retirement benefits provided to employees of the College through two multi-employer defined pension schemes are accounted for as if these were defined contribution schemes in accordance with the requirements of FRS 17. The College's contributions to these schemes are charged in the period in which the salaries to which the contributions relate are payable.

**WORCESTER COLLEGE**  
**Consolidated Statement of Financial Activities**  
**For the year ended 31 July 2015**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2015 Total £'000	2014 Total £'000
<b>INCOMING RESOURCES</b>						
<b>Resources from charitable activities</b>	1					
Teaching, research and residential		6,417	0	0	6,417	6,039
		<u>6,417</u>	<u>0</u>	<u>0</u>	<u>6,417</u>	<u>6,039</u>
<b>Resources from generated funds</b>						
Legacies and donations		1,754	6,468	1,357	9,579	3,700
Trading income	2	366	0	0	366	321
Investment income	3	41	71	630	742	766
Bank and other interest		0	0	0	0	0
		<u>2,161</u>	<u>6,539</u>	<u>1,987</u>	<u>10,687</u>	<u>4,787</u>
<b>Other incoming resources</b>	4	111	0	0	111	9,380
<b>Total Incoming Resources</b>		<u>8,689</u>	<u>6,539</u>	<u>1,987</u>	<u>17,215</u>	<u>20,206</u>
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds</b>	5					
Fundraising		452	0	0	452	477
Trading expenditure		177	0	0	177	114
Investment management costs		73	0	0	73	46
		<u>702</u>	<u>0</u>	<u>0</u>	<u>702</u>	<u>637</u>
<b>Charitable activities</b>	5					
Teaching, research and residential		7,922	115	500	8,537	8,871
		<u>7,922</u>	<u>115</u>	<u>500</u>	<u>8,537</u>	<u>8,871</u>
<b>Governance costs</b>	8	18	2	0	20	24
<b>Total Resources Expended</b>		<u>8,642</u>	<u>117</u>	<u>500</u>	<u>9,259</u>	<u>9,532</u>
<b>Net incoming/(outgoing) resources including net income/(expenditure) for the year before transfers</b>		47	6,422	1,487	7,956	10,674
Transfers between funds		0	0	0	0	0
<b>Net incoming/(outgoing) resources before other gains and losses</b>		<u>47</u>	<u>6,422</u>	<u>1,487</u>	<u>7,956</u>	<u>10,674</u>
Investment gains/(losses)		7,643	108	2,249	10,000	1,249
<b>Net movement in funds for the year</b>		<u>7,690</u>	<u>6,530</u>	<u>3,736</u>	<u>17,956</u>	<u>11,923</u>
Fund balances brought forward	19	21,291	7,512	21,369	50,172	38,249
<b>Funds carried forward at 31 July</b>	19	<u>28,981</u>	<u>14,042</u>	<u>25,105</u>	<u>68,128</u>	<u>50,172</u>

**WORCESTER COLLEGE**  
**Consolidated and College Balance Sheets**  
**As at 31 July 2015**

	Notes	2015 Group £'000	2014 Group £'000	2015 College £'000	2014 College £'000
<b>FIXED ASSETS</b>					
Tangible assets	10	27,831	25,537	27,831	25,537
Property investments	11	13,556	6,331	13,556	6,331
Securities and other investments	12	27,682	19,707	27,366	19,395
		<b>69,069</b>	51,575	<b>68,753</b>	51,263
<b>CURRENT ASSETS</b>					
Stocks	15	143	118	143	118
Debtors	16	803	2,693	1,115	2,917
Cash at bank and in hand		9,664	7,310	9,343	7,081
		<b>10,610</b>	10,121	<b>10,601</b>	10,116
<b>CREDITORS: falling due within one year</b>	17	<b>(1,551)</b>	(1,524)	<b>(1,539)</b>	(1,500)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>9,059</b>	8,597	<b>9,062</b>	8,616
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>78,128</b>	60,172	<b>77,815</b>	59,879
<b>CREDITORS: falling due after more than one year</b>	18	<b>(10,000)</b>	(10,000)	<b>(10,000)</b>	(10,000)
<b>Provisions for liabilities and charges</b>		<b>0</b>	0	<b>0</b>	0
<b>NET ASSETS</b>		<b>68,128</b>	50,172	<b>67,815</b>	49,879
<b>FUNDS OF THE COLLEGE</b>					
<b>Endowment funds</b>		<b>25,105</b>	21,369	<b>25,105</b>	21,369
<b>Restricted funds</b>		<b>14,042</b>	7,512	<b>13,729</b>	7,218
<b>Unrestricted funds</b>					
Designated funds		2,807	2,708	2,807	2,708
General funds		26,174	18,583	26,174	18,583
		<b>68,128</b>	50,172	<b>67,815</b>	49,879

The financial statements were approved and authorised for issue by the Governing Body of Worcester College on 2 December 2015.

Professor Sir Jonathan Bate, Provost

Jonathan Forrest, Finance and Estates Bursar

**WORCESTER COLLEGE**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 July 2015**

	Notes	2015 Group £'000	2014 Group £'000
<b>Net cash inflow/(outflow) from operations</b>	25	<b>2,805</b>	5,120
<b>Returns on investments and servicing of finance</b>			
Income from investments		742	766
Finance costs paid		(213)	(217)
		<b>529</b>	549
<b>Capital expenditure and financial investment</b>			
New endowment capital received		1,357	2,080
Restricted income capital grants received		5,500	0
Payments for tangible fixed assets		(2,637)	(2,107)
Proceeds from sales of tangible fixed assets		0	1,935
Payments for investments		(6,250)	(4,666)
Proceeds from sales of investments		1,050	769
		<b>(980)</b>	(1,989)
<b>Management of liquid resources</b>			
Net (additions to) / withdrawals from term deposits		0	0
Net (purchase) / sale of current asset investments		0	0
		<b>0</b>	0
<b>Financing</b>			
New bank loans		0	10,000
Bank loans repaid		0	(15,000)
		<b>0</b>	(5,000)
<b>Increase/(decrease) in cash in the year</b>		<b>2,354</b>	(1,320)
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash in the year		2,354	(1,320)
Transfers to/(from) term deposits and current investments		0	0
(Increase)/decrease in loan and lease finance		0	5,000
<b>Change in net funds</b>		<b>2,354</b>	3,680
<b>Net funds at 1 August</b>		<b>(2,690)</b>	(6,370)
<b>Net funds at 31 July</b>		<b>(336)</b>	(2,690)

**WORCESTER COLLEGE**  
**Notes to the Financial Statements**  
**For the year ended 31 July 2015**

**1 INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	<b>2015 Total £'000</b>	2014 Total £'000
<b>Teaching, research and residential</b>					
Tuition fees - UK and EU students	1,845	0	0	<b>1,845</b>	1,719
Tuition fees - Overseas students	268	0	0	<b>268</b>	371
Other fees	428	0	0	<b>428</b>	369
Other HEFCE support	386	0	0	<b>386</b>	321
Other academic income	111	0	0	<b>111</b>	118
College residential income	3,379	0	0	<b>3,379</b>	3,141
	0				
	<u>6,417</u>	<u>0</u>	<u>0</u>	<u><b>6,417</b></u>	<u>6,039</u>

The above analysis includes £1,975k received from Oxford University under the College Funding Formula Scheme, net of College fees received directly (2014: £1,946k).

Under the terms of the undergraduate student support package offered by the University of Oxford to students from lower income households, the College share of fees waived amounted to £46k (2014: £35k). These are not included in the fee income reported above.

**2 TRADING INCOME**

	<b>2015 £'000</b>	2014 £'000
Non-academic conferences	<b>271</b>	263
Other trading income	<b>95</b>	58
	<u><b>366</b></u>	<u>321</u>

**3 INVESTMENT INCOME**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	<b>2015 Total £'000</b>	2014 Total £'000
Equity dividends	1	0	0	<b>1</b>	0
Interest on fixed term deposits and cash	24	27	0	<b>51</b>	274
Other investment income	16	44	630	<b>690</b>	492
	<u>41</u>	<u>71</u>	<u>630</u>	<u><b>742</b></u>	<u>766</u>

**4 OTHER INCOMING RESOURCES**

	<b>2015 £'000</b>	2014 £'000
Sale of certain assets	<b>0</b>	9,312
Other income	<b>111</b>	68
	<u><b>111</b></u>	<u>9,380</u>

**WORCESTER COLLEGE**  
**Notes to the Financial Statements**  
**For the year ended 31 July 2015**

**5 ANALYSIS OF RESOURCES EXPENDED**

	Direct staff costs £'000	Other direct costs £'000	Support costs £'000	<b>2015 Total £'000</b>	2014 Total £'000
<b>Costs of generating funds</b>					
Fundraising	278	148	26	<b>452</b>	477
Trading expenditure	15	162	0	<b>177</b>	114
Investment management costs	29	0	44	<b>73</b>	46
<b>Total costs of generating funds</b>	<u>322</u>	<u>310</u>	<u>70</u>	<u><b>702</b></u>	<u>637</u>
<b>Charitable expenditure</b>					
Teaching, research and residential	4,276	2,840	1,421	<b>8,537</b>	8,871
<b>Total charitable expenditure</b>	<u>4,276</u>	<u>2,840</u>	<u>1,421</u>	<u><b>8,537</b></u>	<u>8,871</u>
<b>Governance costs</b>	<u>0</u>	<u>20</u>	<u>0</u>	<u><b>20</b></u>	<u>24</u>
<b>Total resources expended</b>	<u>4,598</u>	<u>3,170</u>	<u>1,491</u>	<u><b>9,259</b></u>	<u>9,532</u>

The College is not liable to be assessed for Contribution under the provisions of Statute XV of the University of Oxford. The Contribution Fund is used to make grants and loans to colleges on the basis of need. Contribution is calculated annually in accordance with regulations made by the Council.

**6 SUPPORT COSTS**

	Generating Funds £'000	Teaching Research & Residential £'000	<b>2015 Total £'000</b>	2014 Total £'000
Financial and domestic admin	39	166	<b>205</b>	251
Human resources	31	180	<b>211</b>	55
IT	0	200	<b>200</b>	191
Depreciation	0	662	<b>662</b>	621
Loss/(profit) on fixed assets	0	0	<b>0</b>	0
Bank interest payable	0	196	<b>196</b>	172
Other finance charges	0	17	<b>17</b>	45
	<u>70</u>	<u>1,421</u>	<u><b>1,491</b></u>	<u>1,335</u>

Finance and administration and human resources costs are attributed according to the estimated staff time spent on each activity. Depreciation costs are attributed according to the use made of the underlying assets. IT costs are attributed according to the estimated time spent on each activity. Interest and other finance charges are attributed according to the purpose of the related financing.

**7 GRANTS AND AWARDS**

During the year the College funded research awards and bursaries to students from its restricted and unrestricted fund as follows:

	Unrestricted Funds £'000	Restricted Funds £'000	<b>2015 Total £'000</b>	2014 Total £'000
Scholarships, prizes and grants	49	0	<b>49</b>	83
Bursaries and hardship awards	4	115	<b>119</b>	120
	<u>53</u>	<u>115</u>	<u><b>168</b></u>	<u>203</u>

The above costs are included within the charitable expenditure on Teaching and Research.

The figure included above represents the cost to the College of the Oxford Bursaries scheme. Students in the College received £307k in bursaries in 2014-15 (2013-14: £259k) and £145k in fee waivers (2013-14: £129K). See Note 1 re Fee Waivers.

**WORCESTER COLLEGE**  
**Notes to the Financial Statements**  
**For the year ended 31 July 2015**

**8 GOVERNANCE COSTS**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
<b>Governance costs comprise:</b>		
Auditor's remuneration - audit services	18	20
Auditor's remuneration - other services	2	4
	<u>20</u>	<u>24</u>

No amount has been included in Governance Costs for the direct employment costs or reimbursed expenses of the College Fellows on the basis that these payments relate to the Fellows' involvement in the College's charitable activities.

Details of the remuneration of the Fellows and their reimbursed expenses are included as a separate note within these financial statements.

**9 STAFF COSTS**

The aggregate payroll costs for the year were as follows:

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Salaries and wages	3,989	3,930
Social security costs	262	283
Pension costs	648	614
	<u>4,899</u>	<u>4,827</u>

The average number of permanent employees of the College, excluding Trustees, on a full time equivalent basis was as follows:

	<b>2015</b>	2014
Tuition and research	16	21
College residential	65	67
Fundraising	4	4
Support	15	18
Total	<u>100</u>	<u>110</u>

The average number of employed College Trustees during the year was as follows:

	<b>2015</b>	2014
University Lecturers	17	17
CUF Lecturers	12	10
Other teaching and research	7	8
Other	2	2
Total	<u>38</u>	<u>37</u>

The College also benefits from temporary staff, agency workers and those part-time external tutors who are not on the College payroll.

The following information relates to the employees of the College excluding the College Trustees. Details of the remuneration and reimbursed expenses of the College Trustees are included as a separate note in these financial statements.

There were 3 employees (excluding the College Trustees) during the year whose gross pay and benefits (excluding employer NI and pension contributions) exceeded £60k during 2015 and one in 2014.

**WORCESTER COLLEGE**  
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**10 TANGIBLE FIXED ASSETS**

<b>Consolidated and College</b>	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	<b>Total £'000</b>
<b>Cost</b>			
At start of year	30,760	913	<b>31,673</b>
Transfers	0	0	<b>0</b>
Additions	2,827	129	<b>2,956</b>
Disposals	0	0	<b>0</b>
<b>At end of year</b>	<b>33,587</b>	<b>1,042</b>	<b>34,629</b>
<b>Depreciation</b>			
At start of year	5,372	764	<b>6,136</b>
On transfers	0	0	<b>0</b>
Charge for the year	612	50	<b>662</b>
On disposals	0	0	<b>0</b>
<b>At end of year</b>	<b>5,984</b>	<b>814</b>	<b>6,798</b>
<b>Net book value</b>			
<b>At end of year</b>	<b>27,603</b>	<b>228</b>	<b>27,831</b>
At start of year	25,388	149	<b>25,537</b>

The College has substantial long-held historic assets all of which are used in the course of the College's teaching and research activities. These comprise listed buildings on the College site, together with their contents comprising works of art, ancient books and manuscripts and other treasured artefacts. Because of their age and, in many cases, unique nature, reliable historical cost information is not available for these assets and could not be obtained except at disproportionate expense. However, in the opinion of the Trustees the depreciated historical cost of these assets is now immaterial.

**11 PROPERTY INVESTMENTS**

<b>Consolidated and College</b>	<b>2015 Total £'000</b>	2014 Total £'000
Valuation at start of year	<b>6,331</b>	6,240
Transfers	<b>0</b>	0
Additions and improvements at cost	<b>0</b>	0
Disposals net proceeds	<b>(1,050)</b>	(765)
Revaluation gains/(losses) in the year	<b>8,275</b>	856
<b>Valuation at end of year</b>	<b>13,556</b>	6,331

A formal valuation of the College properties was prepared by Charles Mason MRICS of Carter Jonas LLP as at 31 July 2015.

The College has carried out a review of the Investment Properties which now consist of Joint Equity properties and commercially let properties.

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**12 SECURITIES AND OTHER INVESTMENTS**

<b>Consolidated investments</b>	<b>2015</b> <b>£'000</b>	2014 £'000
Valuation at start of year	19,707	14,652
New money invested	6,250	4,310
Amounts withdrawn	0	(4)
Reinvested income	0	356
Increase in value of investments	1,725	393
<b>Consolidated investments at end of year</b>	<b>27,682</b>	19,707
Investments held by subsidiaries	316	312
<b>College investments at end of year</b>	<b>27,366</b>	19,395

**Consolidated investments comprise:**

	Held outside the UK £'000	Held in the UK £'000	<b>2015</b> <b>Total</b> <b>£'000</b>	2014 Total £'000
Equity investments	0	316	316	312
Global multi-asset funds	14,362	13,004	27,366	19,395
<b>Total consolidated investments</b>	<b>14,362</b>	<b>13,320</b>	<b>27,682</b>	19,707

**Material investments**

Investments valued at more than 10% of the portfolio at the year-end:	Percentage of Portfolio	<b>Market Value</b> <b>2015</b> <b>£'000</b>
Oxford University Endowment Management - Endowment Fund	56.48%	15,634
Oxford University Endowment Management - Capital Fund	42.38%	11,732

**13 SUBSIDIARY UNDERTAKINGS**

The College holds 100% of the issued share capital in Worcester College Enterprises Limited, a company providing conference and accommodation services.

The College is the sole member of Worcester College Society, a company limited by guarantee.

The results of the subsidiaries and their assets and liabilities at the year-end were as follows.

	Worcester College Enterprises Ltd £'000
Turnover	271
Expenditure	(162)
Donation to College under gift aid	(109)
Interest receivable	0
Result for the year	<u>0</u>
Total assets	291
Total liabilities	<u>(291)</u>
Net funds at the end of year	<u>0</u>

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**13 SUBSIDIARY UNDERTAKINGS (continued)**

	Worcester College Society £'000
Income & Gain	25
Grants payable to College	(4)
Grants	0
Governance	(2)
Result for the year	<u>19</u>
Total assets	421
Total liabilities	(108)
Net funds at the end of year	<u>313</u>

**14 STATEMENT OF INVESTMENT TOTAL RETURN**

The Trustees have adopted a duly authorised policy of total return accounting for the College investment returns, with effect from November 2003. The investment return to be applied as income is calculated as 4.5% of the brought forward values of the relevant investments. The preserved (frozen) value of the invested endowment capital represents its open market value in 1992, except where the original donation can be identified, together with the original gift value of all subsequent endowments.

<b>Investment total return</b>	Permanent Endowment £'000	Expendable Endowment £'000	<b>Total £'000</b>
Income distributions	192	438	<b>630</b>
Capital gains/losses	687	1,562	<b>2,249</b>
Total return for the year	<u>879</u>	<u>2,000</u>	<b><u>2,879</u></b>
Amount applied as income for spending	<u>(203)</u>	<u>(297)</u>	<u>(500)</u>
Net increase in Unapplied Total Return in the year	676		
Unapplied Total Return at start of year	3,029		
<b>Unapplied Total Return at end of year</b>	<b><u>3,705</u></b>		
<b>Preserved value of original permanent endowments</b>	<b><u>3,793</u></b>		

**15 STOCK**

	<b>2015 Group £'000</b>	2014 Group £'000	<b>2015 College £'000</b>	2014 College £'000
<b>Stock</b>	<b><u>143</u></b>	<u>118</u>	<b><u>143</u></b>	<u>118</u>

Stocks comprise goods for resale and goods for use in College.

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**16 DEBTORS**

	<b>2015 Group £'000</b>	2014 Group £'000	<b>2015 College £'000</b>	2014 College £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	<b>307</b>	261	<b>236</b>	178
Amounts owed by College members	<b>71</b>	12	<b>71</b>	12
Amounts owed by Group undertakings	<b>0</b>	(1)	<b>387</b>	308
Loans repayable within one year	<b>7</b>	4	<b>7</b>	4
Prepayments and accrued income	<b>87</b>	0	<b>83</b>	0
Other debtors	<b>267</b>	2,417	<b>267</b>	2,415
	<b>739</b>	2,693	<b>1,051</b>	2,917
<b>Amounts falling due after more than one year:</b>				
Other debtors	<b>64</b>	0	<b>64</b>	0
	<b>803</b>	2,693	<b>1,115</b>	2,917

**17 CREDITORS: falling due within one year**

	<b>2015 Group £'000</b>	2014 Group £'000	<b>2015 College £'000</b>	2014 College £'000
Trade creditors	<b>927</b>	488	<b>922</b>	487
Amounts owed to College Members	<b>192</b>	157	<b>192</b>	157
Taxation and social security	<b>184</b>	19	<b>184</b>	19
Accruals and deferred income	<b>100</b>	3	<b>97</b>	3
Other creditors	<b>148</b>	857	<b>144</b>	834
	<b>1,551</b>	1,524	<b>1,539</b>	1,500

**18 CREDITORS: falling due after more than one year**

	<b>2015 Group £'000</b>	2014 Group £'000	<b>2015 College £'000</b>	2014 College £'000
Bank loans	<b>10,000</b>	10,000	<b>10,000</b>	10,000

An unsecured five year loan of £10m was taken out in December 2013, with an interest rate of 1.4% over Libor (or over a fixed rate), which is repayable in December 2018.

**19 MOVEMENTS OF THE COLLEGE FUNDS**

	At 1 August 2014 £'000	Incoming Resources £'000	Resources Expended £'000	Gains / (Losses) £'000	At 31 July 2015 £'000
<b>Endowment Funds</b>					
<b>Permanent</b>					
Permanent 1	1,523	46	53	160	<b>1,676</b>
Permanent 2	1,189	68	63	125	<b>1,319</b>
Permanent 3	821	24	12	86	<b>919</b>
Permanent 4	645	19	21	68	<b>711</b>
Other Permanent Funds	2,349	329	54	248	<b>2,872</b>

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**19 MOVEMENTS OF THE COLLEGE FUNDS (continued)**

	At 1 August 2014 £'000	Incoming Resources £'000	Resources Expended £'000	Gains / (Losses) £'000	At 31 July 2015 £'000
<b>Endowment Funds</b>					
<b>Expendable</b>					
Expendable 1	5,386	326	70	566	6,208
Expendable 2	1,382	40	47	146	1,521
Expendable 3	1,246	37	48	130	1,365
Expendable 4	1,246	37	43	131	1,371
Expendable 5	1,025	30	0	108	1,163
Expendable 6	661	72	1	68	800
Expendable 7	928	108	0	98	1,134
Expendable 8	430	15	15	46	476
Other Expendable Funds	2,538	836	73	269	3,570
<b>Total Endowment Funds</b>	<b>21,369</b>	<b>1,987</b>	<b>500</b>	<b>2,249</b>	<b>25,105</b>
<b>Restricted Funds</b>					
Restricted 1	4,888	5,027	0	0	9,915
Restricted 2	1,331	250	0	0	1,581
Restricted 3	401	260	0	42	703
Restricted 4	135	9	11	14	147
Restricted 5	49	3	12	6	46
Restricted 6	67	36	13	7	97
Other Restricted Funds	347	933	75	35	1,240
Subsidiary	294	21	6	4	313
<b>Total Restricted Funds</b>	<b>7,512</b>	<b>6,539</b>	<b>117</b>	<b>108</b>	<b>14,042</b>
<b>Unrestricted Funds</b>					
General Reserve	13,891	8,377	8,371	7,585	21,482
Revaluation Reserve	4,692	0	0	0	4,692
Fixed Asset Designated Fund	2,156	0	0	0	2,156
Designated Reserves	552	41	0	58	651
Subsidiary	0	271	271	0	0
<b>Total Unrestricted Funds</b>	<b>21,291</b>	<b>8,689</b>	<b>8,642</b>	<b>7,643</b>	<b>28,981</b>
<b>Total Funds</b>	<b>50,172</b>	<b>17,215</b>	<b>9,259</b>	<b>10,000</b>	<b>68,128</b>

The College accounts for its investment income on a total return basis, which allows the College to invest permanent endowments to maximise total return and to make available an appropriate proportion of the total return for expenditure each year. Until this power is exercised the total return shall be the 'unapplied total return' and remain as part of the permanent endowment. The College has adopted a 4.5% total return rate on opening values. Eligible expenditure is met directly by the permanent endowment fund, which with an unapplied total return accrues, and therefore there is no requirement to make a transfer from the permanent endowment fund.

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**20 DETAILS OF THE COLLEGE FUNDS**

The following is a summary of the origins and purposes of each of the Funds.

**Endowment Funds - Permanent:**

Permanent 1	A donation where income, but not capital, can be used to support a Fellowship in Architectural History.
Permanent 2	A consolidation of donations where income, but not capital, can be used towards the endowment of a Law Fellowship.
Permanent 3	A bequest where income, but not capital, can be used to conserve a donated collection.
Permanent 4	A bequest where income, but not capital, can be used to support students from Trinidad in particular.
Other Permanent Funds	Donations and bequests where income, but not capital, can be used to support specific Fellowships or Scholarships.

**Endowment Funds - Expendable:**

Expendable 1	A consolidation of benefactions and donations where either income, or income and capital, can be used for the general purposes of the College.
Expendable 2	A donation where either income, or income and capital, can be used for the general purposes of the College.
Expendable 3	A donation where the income and capital can be applied to support a Fellowship in conjunction with the University of Oxford.
Expendable 4	A donation where the income and capital can be applied to support a Fellowship in conjunction with the University of Oxford.
Expendable 5	A donation where the income and capital can be applied to support visiting fellows.
Expendable 6	A consolidation of benefactions and donations where either income, or income and capital, can be used for expenses relating to the gardens and grounds.
Expendable 7	A consolidation of benefactions and donations where either income, or income and capital, can be used for the bursary and scholarship grants.
Expendable 8	A consolidation of benefactions and donations where either income, or income and capital, can be used for teaching costs.
Other Expendable Funds	A diverse group of donations and bequests where either income, or income and capital, can be used for specific purposes including support for fellowships, scholarships, student activities and maintenance of historic buildings, gardens and grounds.

**Restricted Funds:**

Restricted 1	Donations to fund the building of a lecture theatre.
Restricted 2	Donations to fund the kitchens refurbishment.
Restricted 3	Donations and bequests which can be used to support the key aims of the College.
Restricted 4	Donations to support bursaries and hardship grants.
Restricted 5	Donations to fund a Fellow's research.
Restricted 6	Donations to fund library and archive expenditure.
Other Restricted Funds	A diverse group of income and donations to support student activities, fellowships, research, the Library, archives and building projects.

**Designated Funds**

Fixed Asset Designated	Unrestricted Funds which are represented by fixed assets of the College and therefore not available for expenditure on the College's general purposes.
Designated	Unrestricted Funds allocated by the Fellows for future costs of maintaining the fabric and furnishings of the College.

The General Unrestricted Funds represent accumulated income from the College's activities and other sources that are available for the general purposes of the College.

The transfers between Restricted Funds and General Reserves represent expenditure incurred on a building project which was cancelled during the year.

The transfers between General Reserve and Revaluation Reserve represent the unrealised gains on investments.

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**21 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	<b>Total £'000</b>
Tangible fixed assets	22,908	4,923	0	<b>27,831</b>
Property investments	8,645	0	4,911	<b>13,556</b>
Securities and other investments	3,790	3,698	20,194	<b>27,682</b>
Net current assets	3,638	5,421	0	<b>9,059</b>
Bank loan	(10,000)	0	0	<b>(10,000)</b>
	<u>28,981</u>	<u>14,042</u>	<u>25,105</u>	<u><b>68,128</b></u>

**22 TRUSTEES' REMUNERATION**

**Trustee remuneration**

The trustees of the College comprise the Governing Body, primarily fellows who are teaching and research employees of the College and who sit on Governing Body by virtue of their employment.

No trustee receives any remuneration for acting as a trustee. However, those trustees who are also employees of the College receive salaries for their work as employees. Where possible, these salaries are paid on external scales and often are joint arrangements with the University of Oxford.

The Remuneration Committee consists of a majority of external members and makes recommendations to the Governing Body on levels of remuneration, allowances and expenses.

Trustees of the College fall into the following categories:

Provost  
 Tutorial Fellows  
 Professorial Fellows  
 Supernumerary Fellows  
 Official Non-Tutorial Fellow

There are two trustees who work almost full time on management and fundraising (Finance and Estates Bursar full time, Provost 0.8 full time equivalent).

Some trustees, tutorial fellows, are eligible for College housing schemes. Three trustees live in properties owned by the College and do not receive housing allowance. Others may be eligible for a housing allowance which is disclosed within the salary figures below. Five trustees lived in houses owned jointly with the College (four at year end), as detailed in Note 28. No houses were bought during the year. A half share of one joint equity house was sold to the Trustee during the year.

Some trustees receive additional allowances for additional work carried out as part time College Officers, for example, the Vice Provost, Senior Tutor and Dean. These amounts are included within the remuneration figures below. The total remuneration and taxable benefits as shown below is £1,221k (2013-14: £1,223k). The total of pension contributions is £163k (2013-14: £163k).

**Remuneration paid to trustees**

Range	2014-15		2013-14	
	Number of trustees / fellows	Gross remuneration, taxable benefits and pension contributions £	Number of trustees / fellows	Gross remuneration, taxable benefits and pension contributions £
£3,000 to £3,999	1	3,670	0	0
£7,000 to £7,999	1	7,174	1	7,033
£9,000 to £9,999	0	0	2	19,217
£10,000 to £10,999	1	10,212	2	21,982
£11,000 to £11,999	3	34,336	3	34,732

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**22 TRUSTEES' REMUNERATION (continued)**

Range	2014-15		2013-14	
	Number of trustees / fellows	Gross remuneration, taxable benefits and pension contributions £	Number of trustees / fellows	Gross remuneration, taxable benefits and pension contributions £
£12,000 to £12,999	2	24,783	1	12,685
£14,000 to £14,999	1	14,294	0	0
£18,000 to £18,999	2	37,517	1	18,102
£19,000 to £19,999	2	39,202	7	136,730
£20,000 to £20,999	6	122,132	1	20,400
£21,000 to £21,999	1	21,100	1	21,435
£22,000 to £22,999	0	0	1	22,861
£27,000 to £27,999	1	27,920	1	27,815
£28,000 to £28,999	1	28,852	0	0
£32,000 to £32,999	1	32,474	0	0
£33,000 to £33,999	1	33,204	0	0
£39,000 to £39,999	0	0	1	39,667
£40,000 to £40,999	1	40,466	0	0
£41,000 to £41,999	1	41,881	3	124,087
£42,000 to £42,999	0	0	1	42,627
£44,000 to £44,999	1	44,356	0	0
£45,000 to £45,999	0	0	1	45,679
£46,000 to £46,999	1	46,993	1	46,447
£47,000 to £47,999	2	95,373	0	0
£48,000 to £48,999	1	48,821	0	0
£49,000 to £49,999	0	0	2	99,265
£50,000 to £50,999	3	151,718	2	100,210
£51,000 to £51,999	1	51,550	0	0
£52,000 to £52,999	1	52,808	0	0
£53,000 to £53,999	0	0	1	53,343
£55,000 to £55,999	0	0	1	55,766
£75,000 to £75,999	0	0	1	75,440
£76,000 to £76,999	0	0	1	76,528
£86,000 to £86,999	1	86,753	0	0
£121,000 to £121,999	0	0	1	121,259
£123,000 to £123,999	1	123,715	0	0

Twelve trustees are not employees of the College and do not receive remuneration.

£20k of the total sum for one trustee is remuneration provided for the role (0.2 full time equivalents) of Research Professor in the University of Oxford.

All employed trustees, together with other senior employees, are eligible for private health insurance as part of their package of remuneration.

All trustees may eat at common table, as can all other employees who are entitled to meals while working.

**Trustee expenses**

No fellow claimed any expenses for work as a trustee.

**Other transactions with trustees**

During the year the partners of some trustees were paid for providing tutorials for students of the College.

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**23 PENSION SCHEMES**

The College participates in two principal pension schemes for its staff - the Universities Superannuation Scheme ('USS') and the University of Oxford Staff Pension Scheme ('OSPS'). Both schemes are contributory defined benefit schemes (i.e. they provide benefits based on length of service and pensionable salary) and are contracted out from the State Second Pension Scheme. The assets of USS and OSPS are each held in separate trustee-administered funds. Both schemes are multi-employer schemes and the College is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, in accordance with the accounting standard FRS17 "Retirement Benefits", the College accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

In the event of the withdrawal of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation of the scheme.

However, in OSPS, the amount of any pension funding shortfall in respect of any withdrawing participating employer will be charged to that employer.

The College is also contributing to the NEST scheme for staff ineligible to join USS or OSPS.

**Actuarial Valuations**

Qualified actuaries periodically value the Schemes. Both USS and OSPS were valued using the "projected unit" method, embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficits in each scheme. The financial assumptions were derived from market conditions prevailing at the valuation date. The results of the latest actuarial valuations and the assumptions which have the most significant effect on the results of the latest valuations and the determination of the contribution levels are shown in the following table.

	<b>Note</b>	<b>USS</b>	<b>OSPS</b>
Date of valuation:		31/03/2014	31/03/2013
Date valuation results published:		24/07/2015	23/06/2014
Value of liabilities:		£46.9bn	£597m
Value of assets:		£41.6bn	£424m
Funding surplus / (deficit):	a b	(£5.3bn) <sup>a</sup>	(£173m) <sup>b</sup>
Principal assumptions:			
Investment return	c	5.2% <sup>c</sup> pa	-
Rate of interest (periods up to retirement)		-	4.4% pa
Rate of interest (periods after retirement)		-	4.4% pa
Rate of increase in salaries	d	RPI + 1%pa <sup>d</sup>	4.5% pa
Rate of increase in pensions	d	CPI pa <sup>d</sup>	4.4% pa
Mortality assumptions:			
Assumed life expectancy at age 65 (males)		24.2 yrs	22.5 yrs
Assumed life expectancy at age 65 (females)		26.3 yrs	25.2 yrs
Funding Ratios:			
Technical provisions basis:		89%	71%
Statutory Pension Protection Fund basis:		82%	69%
'Buy-out' basis:	e	54% <sup>e</sup>	44%
Estimated FRS17 basis	e	72% <sup>e</sup>	75%
Recommended employer's contribution rate (as % of pensionable salaries):	e f	18% <sup>e</sup>	21.5%, increasing to 23.5% <sup>f</sup>
Effective date of next valuation:		31/03/2017	31/03/2016

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**23 PENSION SCHEMES (continued)**

**Notes**

- a. USS's actuarial valuation as at 31 March 2014 takes into account the revised benefit structure effective 1 April 2016 agreed both by the Joint Negotiating Committee and the Trustee in July 2015 following the Employers' consultation which concluded in June 2015. Key changes agreed include: for Final Salary section members, the benefits built up to 31 March 2016 will be calculated as that that date using pensionable salary and pensionable service immediately prior to that date and going forwards will be revalued in line with increases in official pensions (currently CPI); all members will accrued a pension of 1/75<sup>th</sup> and a cash lump sum of 3/75<sup>ths</sup> of salary each year of service in respect of salary up to a salary threshold, initially £55,000 p.a.; member contributions will be 8% of salary; a defined contribution benefit for salary in excess of the salary threshold at the total level of 20% of salary in excess of the salary threshold; and optional additional contributions payable into the defined contribution section of which the first 1% of salary is to be matched by the employer. Further details about the changes may be reviewed on USS' website, [www.uss.co.uk](http://www.uss.co.uk). For the period up to 1 April 2016 the employer deficit contribution will be 0.7% p.a. of salaries based on the assumptions made. After allowing for those changes, the actuary established a long term employer contribution rate of 18% pa of Salaries for the period from 1 April 2016 to 31 March 2031. On the assumptions made and once the salary threshold and defined contribution section are introduced this gives rise to deficit contributions of at least 2.1% pa of salaries.
- b. OSPS' actuarial valuation as at 31 March 2013 identified a required long-term employer contribution rate of 20.1% of total pensionable salaries, but also a funding deficit of £173m. The University of Oxford, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by raising the employer contribution rate in increments of 0.5% of pensionable salary to 23.5%, with this increase being implemented over the three years to 1 August 2017. The actuary has certified that the additional contribution should eliminate the deficit by 30 June 2026.
- c. USS' actuary has assumed that the investment return is 5.2% in year 1, decreasing linearly to 4.7% over 20 years.
- d. USS' actuary has assumed that general pay growth will be CPI in year 1, CPI + 1% in year 2 and RPI + 1% pa thereafter. It is assumed that CPI is based on the RPI assumption (market derived price inflation of 3.6% pa less an inflation risk premium) less RPI/CPI gap of 0.8% pa.
- e. As noted above (note a) the USS employer contribution rate is 18% of salaries from 1 April 2016. Prior to that date it is 16% of salaries. The total employer contributions include provisions for the cost of future accrual of defined benefits (net of member contributions to the DB section), deficit contributions, administrative expenses of 0.4% of salaries and from the implementation of the salary threshold the employer contribution towards DC benefits including employer matching contributions and certain investment management costs relating to the DC section.
- f. As noted above (note b), the OSPS employer contribution rate required for future service benefits alone at the date of the valuation was 20.1% of total pensionable salaries. It was agreed that employers increase their contribution rate by 0.5% each year to 1 August 2017 to 23.5%.

**Sensitivity of actuarial valuation assumptions**

Surpluses or deficits which arise at future valuations may impact on the College's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b><u>Assumption</u></b>	<b><u>Change in assumption</u></b>	<b><u>Impact on USS liabilities</u></b>
Initial discount rate	Increase / reduced by 0.25%	Decrease / increase by £0.8bn
Discount rate in 20 years' time	Increase / reduced by 0.25%	Decrease / increase by £1.1bn
RPI inflation	Increase / decrease by 0.1%	Increase / decrease by £0.8bn
Rate of mortality	More prudent assumption (mortality used at last valuation, rated down by a further year)	Increase by £0.5bn

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**23 PENSION SCHEMES (continued)**

<u>Assumption</u>	<u>Change in assumption</u>	<u>Impact on OSPS liabilities</u>
Valuation rate of interest	Increase / decrease by 0.5%	Decrease / increase by £63m
Rate of pension increases	Increase / decrease by 0.5%	Increase / decrease by £41m
Rate of salary growth	Increase / decrease by 0.5%	Increase / decrease by £13m
Rate of mortality	More prudent assumption (mortality used at last valuation, rated down by a further year)	Increase by £20m

**Pension charge for the year**

The pension charge recorded by the College during the accounting period was equal to the contributions payable as follows:

	<b>2015</b>	2014
	<b>£'000</b>	£'000
<b>Scheme</b>		
Universities Superannuation Scheme	<b>258</b>	249
University of Oxford Staff Pension Scheme	<b>381</b>	356
Other Schemes Contributions	<b>9</b>	9
	<b>648</b>	614

**24 TAXATION**

The College is able to take advantage of the tax exemptions available to charities from taxation in respect of income and capital gains received to the extent that such income and gains are applied to purposes that are exclusively charitable.

No liability to corporation tax arises in the College's subsidiary company because the directors of this company have indicated that they intend to make donations each year to the College equal to the taxable profits of the company under the Gift Aid scheme. Accordingly no provision for taxation has been included in the financial statements.

**25 RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH FLOW FROM OPERATIONS**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
<b>Net incoming resources for the year</b>	<b>7,956</b>	10,674
Elimination of non-operating cash flows:		
– Investment income	<b>(742)</b>	(766)
– Endowment donations	<b>(1,357)</b>	(2,080)
– Restricted income (capital)	<b>(5,500)</b>	0
– Financing costs	<b>213</b>	217
Depreciation	<b>662</b>	621
(Surplus) / deficit on sale of fixed assets	<b>0</b>	(1,535)
Decrease / (increase) in stock	<b>(25)</b>	(10)
Decrease / (increase) in debtors	<b>1,890</b>	(2,357)
(Decrease) / increase in creditors	<b>(292)</b>	356
(Decrease) / increase in provisions	<b>0</b>	0
<b>Net cash inflow / (outflow) from operations</b>	<b>2,805</b>	5,120

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**26 ANALYSIS OF CHANGES IN NET FUNDS**

	2014 £'000	Cash flow £'000	2015 £'000
Cash at bank and in hand	7,310	2,354	<b>9,664</b>
Bank loans due after one year	(10,000)	0	<b>(10,000)</b>
	<u>(2,690)</u>	<u>2,354</u>	<u><b>(336)</b></u>

**27 CAPITAL COMMITMENTS**

The College had contracted commitments at 31 July for capital projects totalling £7,504k (2014: £314k).

**28 RELATED PARTY TRANSACTIONS**

The College is part of the collegiate University of Oxford. Material interdependencies between the University and the College arise as a consequence of this relationship. For reporting purposes, the University and the other Colleges are not treated as related parties as defined in FRS8 ("Related party disclosures").

Members of the Governing Body, who are the trustees of the College and related parties as defined by FRS 8, receive remuneration and facilities as employees of the College. Details of these payments and reimbursed expenses as trustees are disclosed separately in these financial statements.

At the end of the year, four properties were owned under joint equity agreements between the Trustee, named below, 50% and the College, 50%.

Full market values of the properties, following a desk top review carried out by Carter Jonas:

	<b>2015</b> <b>£'000</b>	2014 £'000
Dr S Cowan	<b>0</b>	535
Dr J Parrington	<b>700</b>	625
Dr J Quinn	<b>550</b>	510
Dr G Ritchie	<b>410</b>	390
Prof B Harris	<b>694</b>	592

These trustees do not receive Housing Allowance. All joint equity properties are subject to sale on the departure of the trustee from the College.

A property, gifted to the College during the year, was sold at arm's length to a trustee for £1,101k.

A proportion of the College's endowed funds are held at arm's length in the Worcester College Oxford Endowment Trust, which is not controlled by the College but which has the support of the College as its principal charitable objective. The Trust has agreed under a memorandum of understanding to make the College an annual grant (currently at 4.25% of the value of the Trust's assets at year end).

**29 CONTINGENT LIABILITIES**

There were no known contingent liabilities.

**30 POST BALANCE SHEET EVENTS**

Following the year end the College disposed of land held for investment purposes (net proceeds £10.8m) and repaid the £10m bank loan in full. The disposal value of the land is reflected in the valuation at year end.

**31 ULTIMATE CONTROLLING PARTY**

The Trustees believe that the College does not have an Ultimate Controlling Party.